

3.16.3 ECONOMIC BASE

Fairbanks Economy

Key basic industries in the Fairbanks economy include the military, University of Alaska, the oil industry, tourism, mining, and federal and state governments. In addition, Fairbanks is interior Alaska's regional service and supply center. Following are brief discussions of the borough's basic industries:

Military: The military employs approximately 4,500 uniformed personnel and 1,250 civilians at Fort Wainwright. Another 3,000 uniformed personnel are stationed at Eielson Air Force Base along with 1,000 civilian employees. In fiscal year 1997, military payroll in the Fairbanks area totaled \$312 million, approximately 17 percent of total personal income in the borough. Non-personnel military expenditures totaled \$71 million in FY 1997.i

University of Alaska: The University of Alaska Fairbanks employs approximately 2,600 full and part-time faculty, staff and support personnel in Fairbanks. Annual payroll totals \$85 million. The University spends another \$23 million annually in Fairbanks on goods and services (McDowell Group, 1998). Other than the military, the university is the single largest employer in Fairbanks.

Oil industry: The oil industry plays a diverse and important role in the FNSB economy. Alyeska Pipeline Service Company and Williams Petroleum are large employers in the borough. Fairbanks is also home to a number of North Slope workers. The oil industry's indirect economic impact on the community includes tens of millions of dollars that flow to Fairbanks from the State of Alaska General Fund. North Slope oil revenues account for about 80 percent of State General Fund revenues. Further, oil and gas industry property taxes paid to the FNSB total over \$4 million annually.

A 1995 study found that “as much as one-third of the overall economic activity in the region was based on oil production” (ISER, 1995). In 1995, companies producing, transporting and refining oil employed 495 workers in Fairbanks who earned \$38 million in payroll. Oil-related employment and payroll in Fairbanks have increased since 1995 as a result of expansion of Alyeska’s presence in the community.

Mining: Fairbanks’ mining industry includes the Fort Knox Mine, a large-scale gold mine employing 260 workers. Fort Knox employees earned approximately \$13.3 million in payroll in 1998. In addition to this payroll, the mine spent another \$32 million in Fairbanks on goods and services in support of its operations (Information Insights and the McDowell Group, 1999). The mine is the fifth-largest private sector employer in Fairbanks.

The mining industry is also a key contributor to local government services in the borough. With a 1998 assessed value of \$253 million, the Fort Knox Mine paid \$3,916,845 in property taxes out of total 1997 borough property tax revenues of \$48,313,435. This represents approximately 8 percent of total FNSB property tax revenues. The Fort Knox Mine is among the single largest sources of property tax revenues for the borough, second only to the Trans-Alaska Pipeline.

Fairbanks is also the service and supply center for interior Alaska’s mining industry, which includes significant placer mining activity and hard-rock mineral exploration. The successful development of Fort Knox has played a key role in the acceleration of mining exploration in the Fairbanks area. In the eastern interior region, exploration spending totaled \$30.3 million in 1997, according to State of Alaska data. Since 1994, exploration spending in the region has more than tripled. Exploration spending in 1998 in the eastern Interior is expected to top the 1997 total by several million dollars. Most of the exploration activity in the Interior is supported through Fairbanks.

Tourism: Little up-to-date data is available on Fairbanks’ tourism industry, however, the industry has certainly become an important component of the local economy. During the 1993-94 visitor year, 292,000 non-Alaskan visitors spent a total of \$65 million in Fairbanks, including \$58 million during the summer and \$7 million during

the winter. Since 1993-94, visitor traffic to Fairbanks has probably increased by 30 percent, pushing the annual total to approximately 380,000 visitors and pushing spending up to \$85 million. Visitor industry employment data is not available.

Other Basic Industries: State and federal governments (in addition to the military) also play key roles in the FNSB economy. Including the University of Alaska, the State of Alaska employed 4,200 workers in Fairbanks in 1998. The Federal Government employed 3,300 workers, not counting active-duty military personnel. Tribal government activity is also important in the borough economy. In 1998, Tanana Chiefs Conference, an organization that provides social services and health care to the interior Alaska's Native population, employed 610 workers, mostly in the Fairbanks area.

3.16.4 FNSB GOVERNMENT FINANCES

The 7,400-square mile FNSB is a second class borough with a total 1998 assessed property valuation of \$3,433 million (not including the pipeline valuation of \$286 million). The borough levies an area-wide 13.775 mill property tax and an 8 percent accommodation tax. There is no borough sales tax.

The fiscal year 1998-99 approved budget for the FNSB was \$81.7 million. Revenues included \$48.2 million from the area-wide property tax, \$15.0 million in state and federal government revenue, \$5.5 million from charges for services and a variety of other revenues. The single largest borough expenditure was education. The borough budget includes \$30.7 million for education, 38 percent of the total FNSB budget.

3.16.5 COMMUNITY FACILITIES AND SERVICES

Housing

Availability of housing in Fairbanks, and new housing construction rates from 1997 to 1999, have been significantly affected by the increased economic activity in the region during this period.

Table 3.16-13**Fairbanks North Star Borough Budget FY97/98 and 98/99**

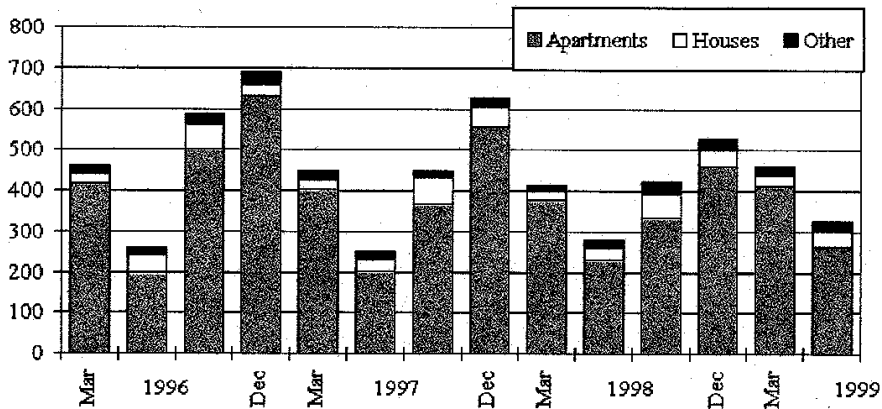
	FY97/98	FY 98/99
	Revised	Approved
Revenues (\$000)		
Areawide Property tax	43,958	48,185
Non-Area Wide Property tax	1,166	1,129
Solid Waste Collection	2,632	2,782
Other Local taxes	603	602
Charges for Services	5,402	5,547
Interest earnings	2,501	2,703
Enhanced 911 Surcharge	335	356
State Debt Reimbursement	8,362	8,537
Other State and Federal Revenue	6,545	6,446
Other Local Revenue	55	55
Enterprise funds	1,605	1,795
Intragovernmental Revenue	2,788	2,961
Contribution from Fund balance	2,495	1,246
Less:		
Revenue Allocated to Service Areas	(440)	(423)
Contribution to Fund Balance	(133)	(242)
Expenditures (By Function - \$000)		
Assembly	1,029	1,109
Mayor	785	731
Law	585	588
Assessing	1,574	1,636
Community Planning	1,135	1,160
Direct Services	2,334	2,643
Finance and Computer Services	6,759	7,031
General Services	928	977
Land Management	860	908
Library Services	2,613	2,841
Parks and Recreation	4,163	4,298
Public Works	8,509	8,741
Transportation	2,710	2,953
Capital Budget	5,028	2,547
Debt Service	10,801	12,219
Education	27,680	30,691
Non-Departmental	385	607
Total Expenditures	77,878	81,680

Table 3.16-14 shows FNSB's total rental housing units available during 1996-1999. The total number of efficiency apartment rental housing units available in June 1999 decreased by 50% from June 1998. Similarly, the total number of one-bedroom apartment rental units available in June 1999 decreased by 14% from June 1998. The total number of 2 bedroom apartments available in June 1998 increased by 52% by June 1999. The total number of 2 bedroom houses available in June 1999 increased by 86% from June 1998. Overall, total number of rentals (including apartments, houses, and mobile homes and cabins) increased by 16% from June 1998 to June 1999. These figures reflect the seasonal nature of the Fairbanks area's rental housing demand, and the continuing demand for smaller units of rental housing in the FNSB.

The percentage of vacant apartment/multiplex units (only) during 1995-1999 in the FNSB are shown in Table 3.16-15. The apartment rental vacancy rate in March 1999 was 7.5%, up from 6.9% in March 1998. This is reflected in the increase in the number of rental units available, from 413 in March 1998 to 463 available during the same period in 1999.

Table 3.16-14
FNSB Total Rental Housing Units Available 1996-1999

	Apartments				Houses				Mobile		Total
	Eff.	1 BR	2 BR	3+BR	1 BR	2 BR	3 BR	4+BR	Homes	Cabins	Rentals
1996											
March	52	159	176	29	5	7	12	1	16	6	463
June	27	82	66	25	11	12	15	3	8	11	260
September	36	236	189	40	16	24	17	4	13	15	590
December	52	283	260	35	5	9	13	2	10	22	691
1997											
March	51	187	139	26	2	10	8	4	12	9	448
June	19	71	82	29	5	7	13	4	13	9	252
September	37	137	162	32	10	21	27	8	7	9	450
December	42	190	263	62	5	20	18	6	10	12	628
1998											
March	47	109	187	34	2	7	14	1	4	8	413
June	26	85	89	31	4	7	10	7	11	11	281
September	42	109	151	34	10	18	17	11	10	22	424
December	48	166	199	50	7	11	15	4	11	16	527
1999											
March	45	179	156	34	4	10	7	5	12	11	463
June	13	73	135	43	4	13	16	4	11	14	326
% Change '98-99 June	-50%	-14%	52%	39%	0%	86%	60%	-43%	0%	27%	16%



Source: Community Research Center Rental Surveys, 1996-99, including most major apartment complexes and Fairbanks Daily News-Miner advertisements during the week surrounding the 19th of March, June, September and December.

The average monthly rents for all types of available housing units in the FNSB during 1996-1999 are summarized in Table 3.16-16. The average monthly rent for an efficiency apartment increased by 9% from June 1998 to June 1999. The average monthly rent for a one-bedroom apartment decreased by 2% from June 1998 to June 1999. The average monthly rent for both two and three bedroom rental homes decreased by an average of 5% from June 1998 to June 1999. The average monthly rent for a mobile home increased by 11% from June 1998 to June 1999. Overall, total monthly rents for apartments, houses, and mobile homes and cabins, decreased by 16% from June 1998 to June 1999.

Residential housing sales (including one, two, three, four and five+ bedroom homes) within the FNSB from 1997 to 1999 (through second quarter) are summarized in Table 3.16-17. The price of a one bedroom home rose by 19% during this time; however, the number of homes sold decreased by 2% during this same period. The price of a two-bedroom home increased by 10% and the number of units sold increased by 15% during this same period. The total number of all types of homes that sold in the FNSB increased by 22% during this period of time; however, the average selling price during this period increased by 6%. The average selling price for homes sold in 1997 was \$116,963. The average selling price for all numbers of homes sold in 1998 was \$124,527. The rise in price of these sales figures may be due to appreciation and market demand.

Table 3.16-15
FNSB Apartment/Multiplex Vacancy Rates 1995-1999

	1995	1996	1997	1998	1999
	Percent Vacant				
March	8.2	7.0	8.7	6.9	7.5
June	4.8	2.8	2.9	3.7	3.2
September	4.3	7.2	6.1	5.7	
December	8.3	12.0	10.8	8.0	

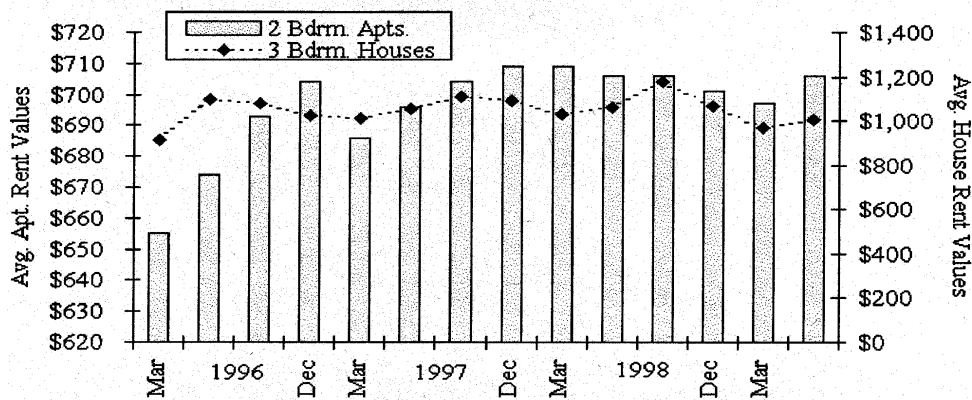
Table 3.16-18 shows the American Chamber of Commerce Researchers Association (ACCRA) cost of living Index for selected cities in western and southern United States. The ACCRA cost of living index is based on a sample of goods and services purchased by a typical mid-management family.

Table 3.16-19 shows the average percent change in Anchorage in the consumer price index during 1993 through 1998. The index is not available for Fairbanks; however, the semi-annual Consumer Price Index for all Urban Consumers (CPI-U) for Anchorage in the second half of 1998 was 1.1% higher than the second half of 1997, and 2.0% higher than the first half of 1997.

Table 3.16-16

FNSB Average Monthly Rents for Available Housing Units 1996-1999

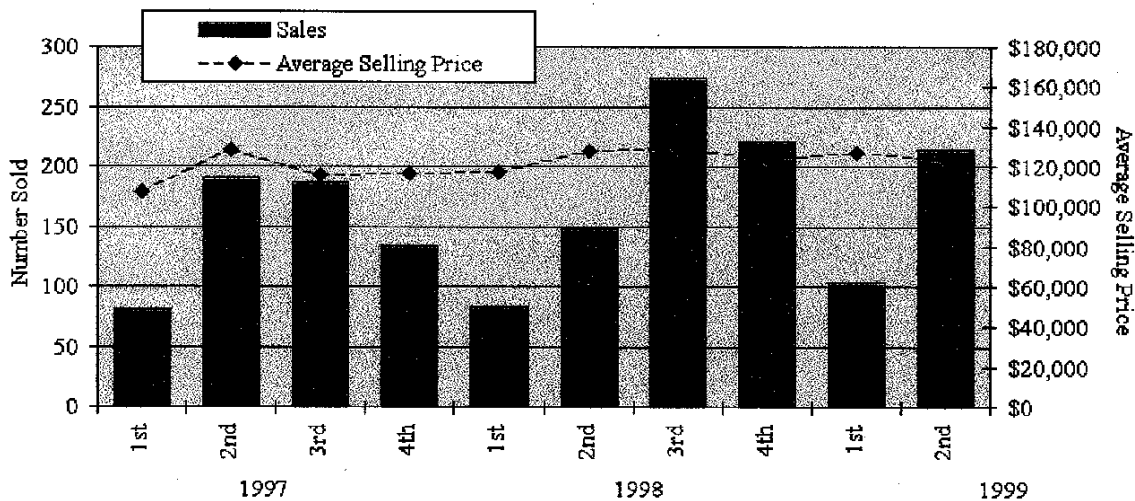
	Apartments				Houses				Mobile	
	Eff.	1 BR	2 BR	3+ BR	1 BR	2 BR	3 BR	4+ BR	Homes	Cabins
1996										
March	\$417	\$512	\$655	\$812	\$537	\$775	\$917	\$1,500	\$678	\$320
June	\$393	\$517	\$674	\$918	\$619	\$857	\$1,098	\$1,308	\$670	\$337
September	\$430	\$517	\$693	\$879	\$648	\$810	\$1,081	\$1,192	\$650	\$376
December	\$412	\$536	\$704	\$850	\$588	\$701	\$1,028	\$1,300	\$632	\$400
1997										
March	\$442	\$539	\$686	\$946	\$562	\$779	\$1,011	\$1,000	\$671	\$384
June	\$434	\$534	\$696	\$940	\$728	\$846	\$1,055	\$1,211	\$622	\$426
September	\$431	\$550	\$704	\$882	\$586	\$842	\$1,113	\$1,211	\$631	\$424
December	\$456	\$563	\$709	\$890	\$579	\$804	\$1,095	\$1,250	\$616	\$460
1998										
March	\$477	\$540	\$709	\$849	\$562	\$849	\$1,031	\$950	\$598	\$341
June	\$404	\$556	\$706	\$921	\$692	\$1,007	\$1,065	\$1,274	\$622	\$406
September	\$496	\$559	\$706	\$950	\$579	\$903	\$1,179	\$1,240	\$645	\$399
December	\$439	\$532	\$701	\$975	\$639	\$854	\$1,070	\$1,162	\$567	\$458
1999										
March	\$409	\$552	\$697	\$890	\$627	\$799	\$973	\$1,270	\$632	\$451
June	\$442	\$547	\$706	\$959	\$712	\$967	\$1,005	\$1,343	\$691	\$343
% Change '98-99 June	9%	-2%	0%	4%	3%	-4%	-6%	5%	11%	-16%



Source: Community Research Center Rental Surveys, 1996-99, including most major apartment complexes and Fairbanks Daily News-Miner advertisements during the week surrounding the 19th of March, June, September and December. Note: Rental amounts may include some or all utilities.

Table 3.16-17
FNSB Residential Housing Sales* 1997-1999

Quarter	1 Bedroom		2 Bedroom		3 Bedroom		4 Bedroom		5+ Bedroom		Total	
	#	Price	#	Price	#	Price	#	Price	#	Price	#Sold	Avg.Price
1997												
1st Qtr.	8	\$46,312	16	\$61,719	41	\$126,550	15	\$133,977	1	\$112,000	81	\$107,015
2nd Qtr.	11	\$49,782	38	\$91,468	95	\$136,886	37	\$161,076	10	\$159,030	191	\$128,679
3rd Qtr.	16	\$54,562	53	\$83,149	77	\$130,269	35	\$150,207	6	\$180,030	187	\$115,765
4th Qtr.	11	\$59,341	28	\$88,609	65	\$131,740	24	\$146,440	6	\$155,833	134	\$116,393
1997 Total	46	\$209,997	135	\$324,945	278	\$525,445	111	\$591,700	23	\$606,893	593	\$116,963
1998												
1st Qtr.	4	\$54,700	16	\$81,175	49	\$121,786	7	\$182,986	7	\$133,557	83	\$116,878
2nd Qtr.	9	\$66,556	40	\$85,488	70	\$141,150	21	\$170,516	8	\$176,093	148	\$127,626
3rd Qtr.^	16	\$65,594	56	\$95,562	132	\$130,776	58	\$173,012	12	\$146,883	274	\$129,419
4th Qtr.	16	\$62,628	43	\$94,708	106	\$126,112	50	\$161,377	6	\$155,583	221	\$124,184
1998 Total	45	\$249,478	155	\$356,933	357	\$519,824	136	\$687,891	33	\$612,116	726	\$124,527
1999												
1st Qtr.	5	\$54,300	28	\$90,343	47	\$132,853	16	\$175,609	8	\$169,238	104	\$127,008
2nd Qtr.	12	\$81,782	54	\$87,115	101	\$131,574	40	\$157,750	7	\$157,143	214	\$123,292
% Chg. '97-98	-2%	19%	15%	10%	28%	-1%	23%	16%	43%	1%	22%	6%



Source: Greater Fairbanks Board of Realtors and Alaska/Multiple Listing Service, Inc., personal and computer printout communications 1997-1999. Data maintained by the Board or its MLS may not reflect all real estate activity in the market, and neither the Board nor its MLS guarantees or is in any way responsible for accuracy of the data.

* Does not include houses without bedrooms.

Table 3.16-18
ACCRA Cost of Living Index for Selected Cities, 1st Qtr. 1999

		Grocery			Transpor-	Health	Msc.
City	All Items	Items	Housing	Utilities	tation	Care	Goods
	100%	16%	28%	8%	10%	5%	33%
West:							
Fairbanks, AK	122.0	113.5	127.2	131.1	116.7	160.7	115.1
Anchorage, AK	121.6	122.8	129.9	90.1	112.5	164.8	117.9
Kodiak, AK	142.0	145.8	146.4	171.8	127.4	159.5	131.0
Phoenix, AZ	101.9	102.0	99.0	103.1	112.2	112.6	99.2
Bakersfield, CA	103.6	116.4	90.2	120.7	114.8	109.5	100.3
Denver, CO	107.9	110.8	121.4	86.1	110.6	114.2	98.7
Boise, ID	97.5	100.5	97.9	75.2	100.7	114.6	97.6
Billings, MT	99.8	104.2	100.0	88.8	100.4	104.2	99.4
Santa Fe, NM	113.6	104.2	143.1	84.4	108.4	108.4	102.6
Portland, OR	111.7	107.0	123.3	80.9	120.4	120.5	107.7
Spokane, WA	105.3	102.9	113.4	65.1	102.6	120.8	107.9
Yakima, WA	106.1	105.5	116.4	77.9	100.7	134.1	102.0
Cheyenne, WY	98.7	106.8	97.0	80.9	96.2	96.1	101.6
South:							
Sarasota, FL	104.7	97.3	113.5	98.8	102.2	100.7	103.6
Atlanta, GA	103.3	103.3	102.9	102.3	101.5	118.5	102.0
Lafayette, LA	98.8	92.3	104.8	86.9	102.2	85.8	100.7
Kennett, MO	84.9	94.3	71.4	83.0	79.6	95.7	92.2
Tulsa, OK	96.4	94.9	90.4	88.4	94.9	97.9	104.3
Memphis, TN	92.3	94.9	90.1	83.2	99.2	94.4	92.7
Dallas, TX	100.4	98.5	95.2	101.8	105.1	109.6	102.5
North Central:							
Indianapolis, IN	96.0	100.7	88.8	98.7	93.8	95.4	100.0
Minneapolis, MN	103.5	98.1	96.0	107.1	116.9	115.3	105.8
Green Bay, WI	97.0	94.4	99.4	82.3	102.8	101.7	97.3
Northeast:							
New York, NY	232.1	150.2	455.6	163.2	125.4	187.0	137.9
Philadelphia, PA	120.5	109.2	139.3	144.2	120.4	99.2	107.6
Montpelier, VT	102.2	104.6	94.0	149.1	104.5	99.4	96.3
Richmond, VA	105.6	98.4	107.5	126.3	106.1	100.9	103.0
Avg. of 309 Urban Areas	100.0	100.0	100.0	100.0	100.0	100.0	100.0

SOURCE: ACCRA (American Chamber of Commerce Researchers Association), "ACCRA Cost of Living Index," First Quarter 1999.

Table 3.16-19**Consumer Price Index, Anchorage, Alaska 1993-1998**

	1993	1994	1995	1996	1997	1998	% Change 1997-98
January – June Average	131.5	134.3	138. 2	141. 8	144. 1	146. 7	1.8%
July – Dec. Average	132.8	135.8	139. 5	143. 7	145. 4	147. 0	1.1%
Annual Average	132.2	135.1	138. 9	142. 8	144. 8	146. 9	1.5%
% Change from Previous Year	3.1%	2.2%	2.8%	2.8%	1.4%	1.5%	

SOURCE: U.S. Department of Labor Statistics, "Consumer Price Indexes Pacific Cities and U.S. City Average", 1993-1998.

NOTE: 1982-1984=100.1

*For All Urban Consumers.

Health and Social Services

Health and social services in the FNSB are provided by a combination of private, public and non-profit entities. As specifically noted in this section, some itinerant care is provided in outlying communities, but most residents across the borough travel to Fairbanks as needed for a full range of generalized acute and non-acute health care. Patients in need of highly specialized care are transported to centers in Anchorage or the Lower 48.

Full-Service Hospitals -- Fairbanks Memorial Hospital (FMH) is owned by the Greater Fairbanks Community Hospital Foundation and managed by Banner Health Systems, a non-profit agency headquartered in North Dakota. FMH has 135 beds and provides a full range of acute and non-acute care including obstetrics, pediatrics, surgery, cardiac care, orthopedics, radiology, emergency treatment, occupational therapy, and laboratory services. In recent years the hospital's occupancy rate has averaged 55 to 60%. A new radiation therapy treatment center will open in spring 2000 and will be out-patient only and won't impact occupancy rate.

Bassett Army Hospital is located on the Ft. Wainwright Army Base on the eastern boundary of the city of Fairbanks. It serves Ft. Wainwright Army Base and Eielson Air Force Base residents, as well as veterans residing throughout the FNSB with both in-patient and outpatient services.

Public Health Care -- Programs at the Fairbanks Regional Public Health Center (FRPHC) are funded by the state and include infant wellness clinics, immunizations, family planning clinics, and sexually transmitted disease clinics. It is staffed by public health nurses who also travel to and provide services in surrounding communities. Services to children are free and adult services are provided at nominal fees. The City of Fairbanks is responsible for building maintenance.

The Interior Neighborhood Health Clinic (INHC) is a non-profit agency that is publicly supported by state and federal government funds. Physicians and mid-level practitioners and nurses provide clinic services on a sliding-scale fee schedule.

Chief Andrew Isaac Health Center (CAIHC) is funded by the Indian Health Service and managed by Tanana Chiefs Conference (TCC), the non-profit regional Native corporation for the Interior. Free health care and pharmaceutical services are provided to Alaska residents of Native heritage. TCC also provides dental services, an eye clinic and community health aide services.

Sliding scale fee based mental health counseling, as well as residential services for the chronically mentally ill, are provided at the Fairbanks Community Mental Health Center. This is a non-profit agency that is funded largely by state and federal grants.

Long Term Care Facilities -- Both the Fairbanks Pioneers Home (owned and operated by the State of Alaska) and Denali Center (owned by the Greater Fairbanks Community Hospital Foundation) provide long term care for eligible Interior Alaska residents. Several privately owned residential long-term care facilities are operated within Fairbanks as well.

Other non-profit entities that provide counseling and other social services for area residents include: Access Alaska, Alaska Crippled Children and Adults, Fairbanks Counseling and Adoption, Fairbanks Crisis Line, Fairbanks Resource Agency,

Hospice of the Tanana Valley, Interior Aids Association, the Regional Center for Alcohol and Other Addictions, and the Resource Center for Parents and Children.

Private Out Patient Clinics -- A variety of privately owned clinics serve FNSB residents with a full range of out-patient services and facilities including cancer detection, obstetrics, gynecology, pediatrics, orthopedics, holistic medicine, urgent care, chiropractics, physical therapy and sports medicine – including in some cases laboratory and radiology support services.

The Tanana Valley Clinic offers a full range of outpatient services.

Child Care Services -- The FNSB's Childcare Assistance Office administers public monies to assist area residents in meeting childcare needs. Funds are provided through the State of Alaska's Childhood Education and Early Development program and applicants must meet eligibility requirements.

The Child Care Development Fund is a federal and state funded block grant program based on family size and income. This grant is available for families in welfare-to-work programs and working families whose low income places them at risk. The Department of Health and Social Services is working in partnership to coordinate these funds with the state funded Day Care Assistance Program.

Family and Youth Services -- The Alaska State Division of Family and Youth Services (DFYS) has 30 field offices statewide, organized into four geographic management areas, with Fairbanks serving the interior region. The DFYS is responsible for protecting children from abuse or neglect and assisting in rehabilitating youth and assuring safety in the community when youth commit delinquent acts. In addition, a number of non-profits complement the public sector family and youth services provided by the State of Alaska.

Division of Medical Assistance -- The State of Alaska Division of Medical Assistance provides health coverage for Alaskans in need. The northern region office, serving the interior of Alaska, is located in Fairbanks. Services available include Medicaid program, chronic and acute medical assistance (CAMA), Healthy Baby and Healthy Kids program, home and community based care program, drug

utilization review, Medicaid Management Information System (MMIS), surveillance and utilization review, and developmentally disabled (DD) individualized services.

Several other family and household assistance programs are also available through the State of Alaska including: Alaska Temporary Assistance Program (ATAP); welfare-to-work services; food stamp program; adult public assistance (APA); heating assistance program (HAP); and general relief assistance (GRA).

Education

FNSB School District -- The school district covers a 7,361-square mile area and serves approximately 15,800 students at 33 schools including elementary, middle and high schools, a vocational education center, a charter school, a correspondence program, and an alternative high school. Supplemental education is provided for children who are physically, emotionally or mentally handicapped, and for those who are gifted and talented. Schools range in size from a 1,500-student high school to a 76-student elementary school. The district-wide average class size is 24.3 students per class. The average Fairbanks student has higher composite SAT and ACT test scores than both state and national averages.

The local community supports Fairbanks public schools through school-business partnerships, school-aged tutoring programs, career day speakers, and by volunteering tens of thousands of hours to school-related activities.

The Alternative Learning System (ALS) consists of a Career Education Center, OPTIONS Teen Parenting Program, Correspondence, and Howard Luke Academy. Chinook Charter School serves K-8 students and New Beginnings Charter School serves junior and senior high school students affected by substance abuse.

The school district provides bus transportation for all students residing further than 1.5 miles away from their schools. It also transports students who are determined by the school board to live on “hazardous routes” for even shorter distances when conditions are unsafe for children to walk.

The FNSB School District receives funding from the borough, state and federal revenue sources. District finances are detailed in Section 3.16.4 earlier in this document. An elected seven-member school board is responsible for preparing the district budget, setting policy, new school design, and selecting the superintendent. The borough government's contribution to the school district's budget must be approved by the borough assembly. All school facilities are owned, built and maintained by the borough.

Public school enrollments have increased in step with population growth. As a result, many schools, particularly elementary schools, are at or near capacity.

Eight tuition-based religious or alternative schools are located in the greater Fairbanks area. Most have an enrollment of 100 to 150 students in grades K through 12, though two serve only grades 8 through 12 and are smaller. One large private Catholic school has an enrollment of 432 in grades K through 6, and another 213 in grades 7 through 12.

University of Alaska Fairbanks (UAF) -- The University of Alaska's main campus, UAF, is at College, near the City of Fairbanks. UAF is a land, sea and space-grant university, originally established in 1915 by Congress and then called the Alaska Agricultural College. UAF serves 170 communities statewide through distance delivery of instruction, public service and research activities. UAF's new energy center lab for the study of renewable energy systems in remote locations opened in 1999.

Enrollment (fall 1999) was 8,250 students with 4874 female and 3376 male distribution. Eighty-seven percent of all enrolled students at UAF are Alaska residents.

Representing an annual payroll (1998) of more than \$100 million, UAF is also the largest civilian employer in the Tanana Valley, with nearly 3,200 full and part-time faculty and staff, including 1,076 student workers.

Parks and Recreation

The FNSB and Recreation Department is responsible for developing and maintaining the borough's park system, its indoor recreational facilities, and for providing year-round recreational programs to meet the diverse needs of the community. With an annual budget in FY1999/2000 of \$4.7 million (anticipated to be augmented in part through \$1,057,280 in user fees), the department funds recreational programs for borough residents

Programs include aquatics, ice skating, therapeutic recreation, child safety, and youth at risk. The department also hosts and assists in the presentation of a number of special events. Facilities and programs are developed through a comprehensive plan that relies on community input and direction.

Recreational facilities include some combination of picnic areas/shelters, playgrounds, softball fields, boat launches, volleyball courts, basketball courts, soccer fields, swimming pools, BMX tracks, trails, camp sites, meeting rooms, showers and restrooms at approximately 66 sites.

The FNSB park and recreation facilities are located at various locations across the borough and are used by residents from all areas. Additional campgrounds and park facilities are owned and operated by the state and federal governments, accounting for an additional 380 camp sites. An additional twenty-five parks and campgrounds in the borough are privately owned and operated.

Libraries

The FNSB Public Library is a regional library serving individuals, families, and seniors within the FNSB. There are two locations in the borough – mid-town and the North Pole branches. Special children's programs, activities and story hours are also regularly provided by the library's children's department.

Families who live beyond the reach of the public library service may receive books, cassettes and other library materials through the mail. The FNSB Library also makes available a large auditorium seating 100 for public use and a conference room that can accommodate 30 people.

The Library Foundation is a non-profit organization that was formed to promote the general welfare of the FNSB's Public Library. The foundation's aim is to enhance public library service throughout the borough by financing supplemental programs and projects which the borough is unable to fund.

Public Safety

Generally, public safety services are provided for the residents within the city limits of Fairbanks and North Pole by each respective city government. People residing within the FNSB, but not within either city, rely on a combination of state funded, borough funded and volunteer services to meet their public safety needs.

Police -- Both the cities of Fairbanks and North Pole have their own police departments. The Fairbanks City Police Department currently has 6 senior officers and 27 patrol officers on staff. Officers are involved in both traditional law enforcement and active community involvement in long term planning for crime prevention. In addition, the City of Fairbanks has a community-policing program – Volunteers in Policing - which is staffed by volunteers and a funded program director. The primary focus of this program is to improve the safety and the profile of the central business district. Most of these Volunteers in Policing patrol on foot or bicycle.

The State of Alaska Correctional Facility is a pretrial close custody security facility that can accommodate 211 inmates. Occupancy rates in 1999 averaged 100%. Most frequently committed crimes were driving while intoxicated, domestic violence, assaults, larcenies and burglaries.

All borough residents outside of city limits rely on Alaska State Troopers for law enforcement and public safety protection. The Fairbanks trooper dispatch office is located near the intersection of Peger and Davis roads in mid-town. Three senior officers supervise 21 additional officers. State Department of Public Safety officials report that this staffing level is inadequate to respond to any reports other than life and property threats.

Fire Protection and Emergency Medical Services -- Both city governments provide fire protection and ambulance services. The Fairbanks Fire Department is staffed by 36 firefighters and 4 support staff who responded to 3,689 ambulance and fire emergency calls in 1999. The fire and police departments have been working together on centralized dispatch and enhanced 911 service.

Organized service areas administered through the FNSB Rural Services Division serve borough residents outside of city limits. For fire and emergency medical response purposes, the borough is served by a series of fire and rescue organizations.

- Chena Goldstream Ambulance Rescue Squad
- Chena Goldstream Fire Service Area
- Ester Fire Service Area
- North Star Fire Service Area
- Salcha Ambulance Rescue Squad
- Steese Fire Service Area
- University Fire Service Area

Equipment needs are met through the borough's administration of a non-area-wide tax. The FNSB Emergency Management Division assists with the training and coordination of volunteers in the service areas.

Animal Control

The FNSB acknowledges an inordinately high number of pets and other animals among its residents from dog mushing teams to caribou farms to domestic cats. The borough is required by ordinance to protect residents from animals that become public nuisances or threats to public safety. Six trained personnel with five radio-dispatched vehicles staff the FNSB Division of Animal Control. Staff is based out of the FNSB Animal Shelter located mid-town and provides control for all domestic animals including livestock.

3.16.5.1.

Public Utilities

In 1997 the City of Fairbanks split up the Fairbanks Municipal Utilities System (FMUS) and sold the electric, water, sewer, steam heat and telephone utilities that service the community to the entities profiled below. All utilities in the FNSB continue to be certified and regulated by the Regulatory Commission of Alaska (RCA).

Electricity -- Golden Valley Electric Association (GVEA) is a nonprofit rural electric cooperative that provides service to approximately 90,000 Interior residents in the Fairbanks, Delta, Nenana, Healy and Cantwell areas at over 37,000 service locations. GVEA's peak system demand grew from 134.1 megawatts (MW) in 1996 to 175.5 MW in 1998 primarily as a result of adding FMUS's 6,000 customers to its system.

GVEA operates and maintains 2,250 miles of transmission and distribution lines and 33 substations. This system is interconnected with the Eielson AFB, Fort Wainwright, Fort Greely, the University of Alaska-Fairbanks and all electric utilities in the Railbelt. GVEA is the northern control point for the Fairbanks/Anchorage Intertie, which serves most Railbelt communities. The intertie augments GVEA's 224 MW generation capacity with an additional 70 MW. Their 224 MW generation capability is supplied by five generating facilities:

- The Healy plant provides 25 MW, is coal-fired, and is located at the back door of the Usibelli Coal Mine
- The 120 MW North Pole plant is oil-fired and built next to MAPCO's refinery
- The oil-fired Zehnder and Chena plants in Fairbanks can provide 36 MW and 23 MW, respectively,
- GVEA's 17% share of the energy (20 MW) from Bradley Lake's hydroelectric power plant is transmitted from Homer to the Interior via the intertie.

Electric rates in the FNSB have held steady since 1982. The electric cooperative attributes these savings to economic dispatching, favorable oil prices, the use of Bradley Lake hydroelectric power, the ability to purchase economic energy over the intertie and the additional revenue from the sale of energy to Fort Knox Gold Mine (which resulted in \$28 million in fuel credits to members in 1998).

Water and Sewer -- Golden Heart Utilities (GHU) is rated by the Regulatory Commission of Alaska (RCA) as a Class A public water supplier and is owned by Fairbanks Sewer and Water, Inc. GHU provides water and wastewater service to approximately 6,000 locations and 33,000 residents. The water treatment plant was built in 1953, expanded in 1962, and again in 1990. It has a design capacity to treat 8 million gallons per day, currently operates at approximately 5 million gallons per day, and has a clear well capacity of 4.7 million gallons. The GHU Wastewater Treatment Plant treats the waste from the GHU service territory, the CUC service territory, and Fort Wainwright. The water is pumped from four wells along the Chena River.

College Utilities Corporation (CUC) provides water and sewer services to a 14-square mile area that lies generally to the west of the City of Fairbanks and includes the University of Alaska and the College community. Sewer customers number about 1,725 serving a population of over 15,000. All sewage is conveyed to the Golden Heart Utilities (GHU) Areawide wastewater treatment facility.

Water service is provided to more than 100 businesses and 10,000 residents in the community via approximately 1800 service connections. Each year water sales totaling 232 million gallons are distributed through 62 miles of transmission and distribution mains. Water is obtained from a series of wells (100 feet deep) located near CUC's water treatment plant.

The current capacity of the treatment plant is 1.5 million gallons per day. The water is pumped into CUC's water distribution and transmission main system, then elevated to a 1,000,000-gallon capacity reservoir located on Chena Ridge. This elevated storage supplies the system with water at 145 pounds per square inch

(PSI), resulting in a Class 4 Insurance Service Office (ISO) rating for superior fire flow through the system's 370 fire hydrants.

District Steam Heat -- Usibelli Coal Mine, Inc. (UCM) had provided fuel for domestic customers especially in Fairbanks and the Northern Railbelt for almost 50 years when it purchased the steam heat generating capacity of the coal fired FMUS Power Plant in 1997. Aurora Energy currently operates the district heat system in competition with other power providers. Aurora Energy has identified and aggressively pursued expansion opportunities for district heat in Fairbanks with the objective of increasing district heat sales, to increase thermal efficiency of plant, and reduce thermal discharge into the Chena River.

Natural Gas -- Natural gas is new to Fairbanks. When Fairbanks Natural Gas, LLC, the new natural gas utility announced it's intent to make this energy available to the Fairbanks market, developers of new properties began to work with FNG to lay appropriate distribution lines. Currently, natural gas is purchased and liquefied by Northern Eclipse, LLC at its liquefied natural gas (LNG) plant located at Point Mackenzie, Alaska. The LNG is then trucked to Fairbanks where it is returned to a gaseous state prior to introduction into the Fairbanks Natural Gas distribution system. Fairbanks Natural Gas currently serves 80 customers and has completed 3 construction seasons resulting in approximately 26 miles of buried distribution main spanning the south and west edges of the Fairbanks City Limits.

Telephone -- In 1997 PTI Communications moved its state-wide headquarters to Anchorage as a condition of its bid to purchase the FMUS telephone utility. PTI is owned by Alaska Communications Systems which provides full-service telecommunications to Fairbanks-area residents through PTI, PTI.net, MACtel, and ATU Long Distance. Additional long distance telephone and internet providers are AT&T Alascom and GCI. A variety of internet-only providers serve the Fairbanks market as well.

Solid Waste -- One landfill site serves the solid waste disposal needs of non-military FNSB residents. It is located .5 mile south of Fairbanks and is operated by FNSB Public Works and accepts and recycles vehicle batteries, scrap metal, aluminum, large household appliances, junk automobiles, waste paper, anti-freeze and household generated oil. The City of Fairbanks collects trash within the city limits and hauls it to the landfill site. The FNSB also operates 14 transfer sites around the borough to which borough residents who do not live within the city limits can haul their own household trash. The borough contracts with a private entity to haul trash from the transfer sites to the borough landfill. A second landfill is owned and operated by the US Army on Fort Wainwright and is used exclusively by post residents. The landfill on Fort Wainwright is in the process of being closed at which time solid waste will be sent to the FNSB landfill.

3.16.6 ECONOMIC ACTIVITY IN THE TRUE NORTH STUDY AREA

Resource extraction is the primary economic activity within the True North project area. In fact, today as much as 80% of the mining activity in the FNSB is conducted in this sub-region which has been designated as “High Mineral Potential Land” in the FNSB Comprehensive Plan. FGMI owns the True North property as well as Fort Knox, the Steamboat, Westridge, Amanita, and Gil exploration properties in this area. Also active in this area, though on a smaller scale, are International Freegold, Polar Mining and the Corvette Group. Low market prices for gold have forced many placer miners who were once active in the area into inactive status at present.

Three residents operate businesses in the Cleary Summit area. One operates a year-round bed-and-breakfast with three rooms, each with private bath, and a separate kitchen and living room for late night aurora viewers. On an adjacent property, another resident operates a one room bed-and-breakfast unit on the lower floor of a single-family residence; this unit accommodates overflow from the neighboring property. A third resident owns five businesses on Cleary Summit:

- An electrical contracting company
- A downhill ski area with beginner-to-advanced slopes, a chairlift, a day lodge, a coffee shop, a gift shop, snow machine tours, equipment rentals

and lessons. The ski facility operates on weekends and holidays during daylight hours from November through April unless temperatures fall below –20 F degrees, and by appointment. This facility is available for rent during the summer months for events.

- A mining-camp-style bunkhouse with 18 rooms, 9 baths, a restaurant with liquor license, and a large lobby and deck for aurora viewing. During the 1999 calendar year the operator of this facility recorded 715 customers. First quarter comparisons for 1999 and 2000 show occupancy rates holding steady.
- A dog sled ride business with the requisite dog yard selling rides primarily to tourists.
- A snow machine tour company that provides both equipment rentals and guided tours for visitors to the area.

Two of the businesses on Cleary Summit complement their primary economic activity with retail sales of Alaska gifts and souvenirs to their tourism clients.

The bunkhouse, the ski lodge and the bed-and-breakfasts are aurora viewing destinations for overnight guests at Cleary Summit and two lodges further north on the Steese Highway, as well as for “day” trip clients from hotels in Fairbanks. These clients generally arrive at Cleary Summit by bus around 10:00 p.m., wait at the ski lodge or bunkhouse, and then view the aurora from the parking lot of the ski lodge. Many of the transient clients are part of tour groups operated by an estimated 8 tour companies, most of which have a base of operations in Fairbanks. For the 1999 calendar year, lodge owner sales records show a total of 4,698 aurora viewing customers, 46 of which were independent visitors as opposed to part of an organized tour. The bed-and-breakfast owner sales records for the same period show 375 room rental nights; with an average of two occupants per room per night, the estimated total number of aurora-viewing-night customers at Cleary Summit in 1999 is 5,448. While total figures for 2000 are not yet available, it is significant that available figures for first quarter lodge occupancy comparisons between 1999 and 2000 show a 13% increase in sales for the year 2000.

No comprehensive regional visitation-over-time trend analyses have been completed on Japanese visitation in interior Alaska. The Fairbanks Convention and Visitors Bureau (FCVB) does request that those visitors who enter the log cabin visitor center downtown sign in indicating their state or country of origin. The FCVB compiles these statistics in a format which indicates the top three states and the top three countries of origin by month. While these figures have been collected in this manner since 1994, FCVB staff are quick to point out that 1) not all visitors to Fairbanks visit the log cabin visitor center, or 2) not all visitors who enter the log cabin take the time to sign in. Thus, these statistics are extrapolative at best, but it is telling to note that the figures collected confirm that of the foreign visitors coming to Fairbanks from October through March, the Japanese visitors have increased proportionately from 1994 to 1997 until 1998 and 1999 where they have dominated these winter tourism months.

In addition, Dr. Laura Millner at the University of Alaska School of Business is scheduled to complete a visitation trends analysis of Japanese winter visitors later in the year 2000. To date her studies of this visitor sector have characterized the Japanese winter visitor in terms of trip purpose, expectations, lodging preferences and expenditures. Notably, Milner's 1998 Japanese Winter Visitor Profile Survey study included a survey of 84 Japanese visitors which indicated that their contribution to the Fairbanks winter economy per capita averaged \$523.60. Millner notes that of the 84 visitors surveyed:

- 50% spent some money on retail goods
- 55% spent some on groceries and snacks
- 39% spent money in restaurants and bars
- 48% spent money to purchase tours and attractions, and
- 14% spent money on additional transportation

These expenditures are in addition to the accommodations and lodging that are purchased by the overwhelming majority of Japanese tourists through package tour operators in Japan. This income and its accompanying multiplier effect, while not

relatively significant compared to other industrial sectors in interior Alaska, is a welcome addition to a wintertime economy that is significantly slower than its spring, summer and fall quarters.

Millner's survey respondents consistently and overwhelmingly listed viewing of the northern lights as the single most important purpose of their Fairbanks trip. In addition, they cited the aurora viewing opportunities as the differentiator when queried as to why they chose the Fairbanks market. Specifically, when asked "Why did you choose the Fairbanks area for this trip rather than other Alaskan destinations?" Specifically, they selected Fairbanks as a winter destination because of:

- northern lights (36%)
- schedule and time limitations (27%)
- price (15%)
- seasonal considerations (9%)
- competing package tour limitations (6%)
- desire to ride Alaska railroad (3%)
- can ski in Japan as well as Alyeska (3%)
- road problems elsewhere (3%)

It is significant to note that the 2000-2001 winter and the 2001-2002 winter have been projected by the University of Alaska Geophysical Institute, and confirmed by its international counterparts, as peak years for aurora viewing. This is a period when sun spot minimums will make the aurora more visible everywhere, but especially in those locations which are closer to the equator and normally to do not have clearly evident aurora. Correspondingly, international tour packagers and Alaska tourism marketing entities include in 1999 through 2002 marketing programs and plans promotional campaigns that include this information. It is anticipated that the increased aurora viewing opportunities, coupled with the complementary marketing, will significantly increase winter visitation in Interior Alaska.

Experts at the Geophysical Institute cite the following locations around Fairbanks as having the best available viewing conditions: Cleary Summit, Ester Dome Summit, Murphy Dome, and the hilltop on the Elliot Highway just north of Fox. The Institute's Dr. Charles Deehr describes the ideal aurora viewing site as one which has "a good, wide view of the northern horizon on a moonless, cloudless night between 10PM and 2AM."

The overall change in assessed values for the Cleary Summit Subdivision from 1989 through 1994 showed an increase of 11 percent, a straight line increase of 2 percent per year. The time period from 1994 through 1999 for the same properties indicated an increase of 21.73 percent, with an average 4.96 percent per year increase. The overall change in assessed values for the Skiland Subdivision from 1989 through 1994 showed an increase of 4.17 percent, an average increase on a straight line basis of .83 percent per year. The time period from 1994 through 1999 for the same properties indicated an overall increase of 23.23 percent, with an average increase of 4.65 percent per year (Hage & Associates, 2000).

The data shows a fairly consistent pattern for both subdivisions in the 1994 through 1999 period. In reviewing the "Economic Indicators" as outline in the Fairbanks Community Research Quarterly, Summer 2000 edition, the changes in the assessed values of properties in the overall FNSB indicate an average increase of 2.2 percent per year in property assessment in the period from 1989 through 1994 and an average increase of 6.16 percent per year from 1994 through 1998 (Hage & Assoc., 2000).

3.17 LAND USE

This discussion of land use in the True North project area has been taken largely from Mining Public Consent (2000a). That document contains additional information and pictures of many of the uses described below.

In the State's Tanana Basin Area Plan, the True North project area is in management Unit 1-J. Most of the project area falls under subclassification 1J2, which designates the following primary land uses: minerals and public recreation. Land disposals and remote cabins are prohibited within 1J2. The minor Cleary Summit-Pedro area falls under subclassification 1J1, which designates the primary land use as settlement; secondary surface uses are public recreation and wildlife habitat. Remote cabins are prohibited.

The True North project falls under two designations in the FNSB Comprehensive Plan, a combination of "High Mineral Potential," and "Reserve Area." The latter designation means uses such as mining, agriculture, recreation, hunting, trapping and fishing are all permitted until such time as a more specific highest and best use is identified.

Mineral activities have dominated land use in the immediate vicinity of the proposed True North Mine, and have produced the greatest visible impact to surface features. Other transitory land uses have included hiking, biking, berry picking, cross country skiing, snowmachining, mushing, horseback riding, trapping and small/large game hunting.

Permanent land uses in the True North project area discussed below have been classified according to the American Planning Association's (APA) Land Based Classification Standards (LBCS) adopted officially by the APA in October 1999. Table 3.17-1 presents the LBCS activity classification.

Table 3.17-1**American Planning Association (APA) Land Based Classification Standards**

LBCS Code	Land Use Activity
1000	Residential
2000	Shopping, business or trade
3000	Industrial, manufacturing, or waste-related
4000	Social, institutional, or infrastructure-related
5000	Travel or movement activities
6000	Mass assembly of people
7000	Leisure activities
8000	Natural resource-related activities
9000	No human activity or unclassifiable
Source:	American Planning Association, LBCS Code, October 1999